

Message Text

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17

ACTION OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 COME-00 L-03 TRSE-00 OMB-01

AID-05 /032 W

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R 120644Z JAN 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 4921

UNCLAS SEOUL 0242

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC INTEREST RATE ON SAM YANG BAKER TANK TERMINAL

REF: A. STATE 287341

B. SEOUL 9657

1. IT NOW APPEARS DIRECTOR KANG EXCEEDED HIS AUTHORITY WHEN HE INDICATED TO BOSTWICK ELEVEN PERCENT INTEREST RATE WOULD BE APPROVED AND AGAIN DID SO WHEN HE INDICATED TO EMBOFF THAT MINFIN HAD ACCEDED (SEE REF. B). ACCORDING TO PRESIDENT KOO CHONG HOE OF SAMYANG BAKER, HE HAS SEEN COPY OF LETTER TO EPB FROM MINFIN TELLING EPB TO RETURN THE APPLICATION TO SAMYANG WITH INSTRUCTIONS TO RENEGOTIATE THE INTEREST RATE.

2. REPORTEDLY, THE MINFIN REJECTION IS DUE TO THEIR FEELING THAT APPROVAL OF A LOAN PROJECT AT AN INTEREST RATE SO HIGH ABOVE PRESENT RATES APPLICABLE TO KOREA (LIBO PLUS TWO PERCENT) WILL SET BAD PRECEDENT, AND VITIATE PRESENT VIGOROUS ATTEMPTS BY ROKG TO SECURE EVEN BETTER LAON TERMS FROM THE INTERNATIONAL BANKING COMMUNITY.

3. KANG CONTEMPLATED TAKING THIS ISSUE TO THE FOREIGN CAPITAL INDUCEMENT DELIBERATION COMMITTEE IN AN ATTEMPT TO OVERRULE MINFIN. HOWEVER, HIS STAFF POINTED OUT THAT ARTICLE THREE PARA ONE OF THE ENFORCEMENT DECREE OF THE FOREIGN CAPITAL V INDUCEMENT ACT REQUIRES PRIOR CONSENT OF MINISTER OF FINANCE FOR A LOAN CONTRACT WHICH IS TO BE USED AS A DOMESTIC MEANS

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OF PAYMENT.

4. PRESIDENT KOO UNDERSTANDABLY CONCERNED AS MAJOR PORTION OF PROJECT COMPLETED AND CONTRACTORS DEMANDING PAYMENT. HE REQUESTS URGENT RECONSIDERATION BY OPIC.

5. EMBASSY HAS REQUESTED FORMAL REPLY FROM KANG HEUNG KOO TO LETTER BASED ON REF A. UPON RECEIPT, AND WITH REITERATION FROM OPIC THAT YOU INSIST ON ELEVEN PER CENT RATE, ECON COMMERCIAL COUNSELOR WILL TAKE UP WITH APPROPRIATE OFFICIALS OF MINFIN.
SNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROGRAMS (PROJECTS), LOAN AGREEMENTS, INVESTMENT LOANS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SEOUL00242
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760010-0422
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760165/aaaacgge.tel
Line Count: 72
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 287341
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by barnescd>; APPROVED <06 DEC 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC INTEREST RATE ON SAM YANG BAKER TANK TERMINAL
TAGS: EFIN, KS, SAM YANG BAKER TANK TERMINAL CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006